

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE ENGAGEMENT REPORT

OF

OHIO TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

11/06/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert Simpson Tami May	01-01-20 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Craig Vancuren Cathy Caldie	01-01-20 to 12-31-22 01-01-23 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF OHIO TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Ohio Township (Township), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Tami May, Trustee, and Cathy Caldie, Chair of the Township Board, on October 22, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 26, 2024

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS

INTERNAL CONTROLS

A similar comment appeared in prior Report B56467.

Condition and Context

There were no internal controls evident, such as an oversight, review, or approval process, over the cash and investments, receipts, disbursements, and financial close and reporting of Township funds. The Trustee was the sole person responsible for all financial processes. The failure to establish these internal controls could have enabled material misstatements or irregularities to remain undetected.

Internal controls were not in place to ensure that the Township complied with laws and regulations. Internal control deficiencies resulted in noncompliance over the following areas and are detailed in the comments below:

- Training on Internal Control Standards
- Certification on Internal Control Standards
- Annual Financial Report
- 100R - Certified Report Filed After Due Date
- Capital Assets
- Compensation and Benefits
- Township Board Meetings
- Supporting Documentation
- Optical Images
- Annual Uploads
- Bank Account Reconciliations

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B56467.

Condition and Context

Documentation was not provided for review that the Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B56467.

Condition and Context

The Trustee certified in the Indiana Gateway for Government Units financial reporting system during the submission of the Annual Financial Report, that training on internal control standards was provided. However, there was no documentation to support that training had taken place.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B56467.

Condition and Context

The Annual Financial Reports (AFR) for 2020, 2021, 2022, and 2023 were submitted on March 13, 2021; March 27, 2022; March 13, 2023; and March 28, 2024, respectively. The AFRs were submitted 12, 26, 12, and 28 days late, respectively.

Financial Data

The Township understated its beginning cash and investment balance by a total of \$3,608 as of January 1, 2020. This included multiple funds with overstatements and understatements. The absolute value of all differences in the beginning cash and investment balances of each fund is \$33,532.

Capital Assets

The Township reported \$944,000 in capital assets on its Schedule of Capital Assets on the AFR for each of the years in the engagement. However, the Township did not keep a detailed capital asset listing and had no records to support the capital assets that were reported on the AFR.

Criteria

Indiana Code 5-11-1-4c(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Townships, Chapter 1)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

100R - CERTIFIED REPORT FILED AFTER DUE DATE

A similar comment appeared in prior Report B56467.

Condition and Context

The Township submitted its 2020, 2021, 2022, and 2023 100R - Certified Report on August 10, 2022; August 10, 2022; March 12, 2023; and March 24, 2024, respectively. These reports were submitted 555, 191, 40, and 53 days late, respectively.

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CAPITAL ASSETS

A similar comment appeared in prior Report B56467.

Condition and Context

The Township did not have a capital asset policy, did not complete a physical inventory in the prior two years, and had not properly maintained a completed detailed listing of capital assets owned.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

COMPENSATION AND BENEFITS

A similar comment appeared in a Management Letter addressed to the Trustee for the audit period ending December 31, 2019.

Condition and Context

The Township did not fix the salaries of officials and employees in 2020, 2021, 2022, and 2023. Form 17 Resolution Establishing Salaries of Township Officers and Employees is a prescribed form and was not used by the Township.

The Township Clerk did not keep a time record during the audit period. There were no payroll claims or time records for any employees during the audit period and no approval of payroll by the Trustee on the Form 99. Total payroll for the years 2020, 2021, and 2022 totaled \$16,066 each year. Total payroll for the year 2023 totaled \$19,607.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOWNSHIP BOARD MEETINGS

A similar comment appeared in prior Report B56467.

Condition and Context

The Township Board did not meet for its first regular meeting or elect officers in January for the years 2020, 2021, and 2022.

Criteria

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting, the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year."

SUPPORTING DOCUMENTATION

A similar comment appeared in prior Report B56467.

Condition and Context

The Township did not provide Township Assistance documentation during the audit period. Of the 8 Township Assistance disbursements selected for testing, no TA-1's, Application for Township Assistance, and TA-1A's, Notice of Township Assistance Action, were presented for audit. TA-1B's, Application for Additional or Continuing Township Assistance, and TA-2's, Township Assistance Purchase Orders, were not presented for review for 3 of the 8 disbursements selected for testing. The Township also indicated that there are no formalized standards for Township Assistance, and none were presented for audit.

Supporting documentation was not provided for 8 of the 20 disbursements selected for testing. Sampled disbursements without supporting documentation totaled \$8,399, and included payments for mowing services, insurance, consulting, and accounting services.

Supporting documentation was not provided for 3 of the 19 disbursements to the Southwest Volunteer Fire Department, totaling \$52,820.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

Indiana Code 12-20-5.5-1(a) states: "The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OPTICAL IMAGES

The same comment appeared in prior Report B56467.

Condition and Context

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Criteria

Indiana Code 26-2-8-111(e) states: "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

ANNUAL UPLOADS

A similar comment appeared in prior Report B56467.

Condition and Context

The Township had not uploaded the required annual engagement files to the Indiana Gateway for Government Units financial reporting system for 2020, 2021, 2022, and 2023. For each year of the engagement, the Township did not include a Detail of Receipts by Fund and a Detail of Disbursements by Fund.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Report B56467.

Condition and Context

The Township's bank reconciliations for 2020, 2021, 2022, and 2023 did not reconcile to the Township's fund balances due to errors in recording entries that caused the fund balances to be incorrect for 2020, 2021, 2022, and 2023. In addition, the Township's bank reconciliations that were prepared included uninvestigated variances for all eight months that were included in the test. Variances between the ledger and the bank fluctuated each month and were not reconciled by the Township.

The December 31, 2020; 2021; 2022; and 2023 auditor prepared bank reconciliations for purposes of the engagement contained a variance of approximately \$300 that has remained consistent since December 31, 2019.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Township Fund	\$ 7,311	\$ 43,975	\$ 23,183	\$ 28,103	\$ 115,156	\$ 24,055	\$ 119,204
Township Assistance	9,851	-	6,055	3,796	9,711	2,776	10,731
Fire Fighting	28,541	-	10,000	18,541	-	4,183	14,358
Rainy Day	3,382	-	-	3,382	-	-	3,382
Levy Excess	6,226	-	-	6,226	-	-	6,226
Fire Protection Territory	-	207,491	117,243	90,248	215,300	214,327	91,221
Cumulative Fire	38,606	-	-	38,606	-	38,637	(31)
Fire Territory Equip Replacement	415	80,342	45,397	35,360	80,097	81,101	34,356
Fire Debt	100,548	-	62,784	37,764	5,852	62,784	(19,168)
Totals	<u>\$ 194,880</u>	<u>\$ 331,808</u>	<u>\$ 264,662</u>	<u>\$ 262,026</u>	<u>\$ 426,116</u>	<u>\$ 427,863</u>	<u>\$ 260,279</u>

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township Fund	\$ 119,204	\$ 106,140	\$ 157,298	\$ 68,046	\$ 126,914	\$ 36,896	\$ 158,064
Township Assistance	10,731	11,370	4,415	17,686	10,692	16,832	11,546
Fire Fighting	14,358	-	-	14,358	-	-	14,358
Rainy Day	3,382	-	-	3,382	-	-	3,382
Levy Excess	6,226	-	-	6,226	-	-	6,226
Fire Protection Territory	91,221	217,550	221,286	87,485	233,308	132,754	188,039
Cumulative Fire	(31)			(31)			(31)
Fire Territory Equip Replacement	34,356	88,982	80,829	42,509	88,893	50,581	80,821
Fire Debt	(19,168)	93,238	62,784	11,286	82,849	63,162	30,973
Totals	<u>\$ 260,279</u>	<u>\$ 517,280</u>	<u>\$ 526,612</u>	<u>\$ 250,947</u>	<u>\$ 542,656</u>	<u>\$ 300,225</u>	<u>\$ 493,378</u>